

Message Text

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C O N F I D E N T I A L SANTIAGO 7172

FOR ASSISTANT SECRETARY SHLAUDEMANN

EO 11652: GDS

TAGS: EAID, PFOR, CI

SUBJECT: GOC CONDUCTS REVIEW OF CHILEAN-AMERICAN ECONOMIC
RELATIONS

1. SUMMARY: GOC APPEARS TO BE REVIEWING ITS ECONOMIC RELATIONS
WITH U.S. IN LIGHT OF SECURITY ASSISTANCE ACT RESTRICTIONS.
CHILEANS ENCOURAGED BY AMBASSADOR TRUCCO'S TALK WITH SECRETARY
JULY 20. END SUMMARY.

2. LATE JULY 21, TOMAS LACKINGTON, SENIOR FOREIGN OFFICE
ECONOMIC ADVISER, CALLED IN ECONOMIC COUNSELOR TO REQUEST
URGENTLY FULL DATA ON U.S. AID TO CHILE, TO BE SUPPLIED BY
OPENING OF BUSINESS JULY 22. AID ASSISTANT MISSION DIRECTOR
AND ECONOMIC COUNSELOR BRIEFED LACKINGTON EARLY JULY 22.
LACKINGTON SAID HE IN TURN WOULD BE BRIEFING FOREIGN MINISTER
CARVAJAL IMMEDIATELY THEREAFTER.

3. EMBOFFS CONCLUDED PRESENTATION BY MAKING POINT, WITH WHICH
LACKINGTON CONCURRED, THAT U.S. AID WAS MORE SUBSTANTIAL AND
WIDESPREAD THAN GOC OFFICIALS GENERALLY REALIZED. LACKINGTON
PARTICULARLY INTERESTED IN FACT THAT CHILE WAS RECEIVING
MORE ECONOMIC ASSISTANCE THAN PERU, AND CONSIDERABLY MORE
THAN OTHER LATIN AMERICAN COUNTRIES OF SIMILAR LEVEL OF
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ECONOMIC DEVELOPMENT.

4. ALTHOUGH LACKINGTON WOULD NOT REVEAL PRECISE REASON FOR HIS BRIEFING OF CARVAJAL, ECONOMIC COUNSELOR SURMISED THAT A RATHER GENERAL REVIEW WAS GOING FORWARD IN THE CHILEAN GOVERNMENT OF ITS ECONOMIC RELATIONS WITH THE UNITED STATES. FOR EXAMPLE, LACKINGTON SAID THAT EVEN MINISTER OF ECONOMY SERGIO DECASTRO, REPORTEDLY THE MOST SUSPICIOUS AMONG ECONOMIC TEAM OF USG INTENTIONS, WAS PERSUADED THAT IT WAS IMPORTANT TO STRENGTHEN U.S.- CHILEAN RELATIONS AT THIS POINT BY GIVING PREFERENCE TO AMERICAN AS OPPOSED TO OTHER COUNTRIES' INVESTMENT.

5. DURING BRIEFING EMBASSY OFFICERS NOTED THAT EVEN UNDER RESTRICTIONS IMPOSED BY SECURITY ASSISTANCE ACT TOTAL U.S. ECONOMIC ASSISTANCE OF \$27.5 MILLION DURING FY 77 AND TQ WAS SUBSTANTIAL. EMBOFFS POINTED OUT THAT IF CHILE COULD MEET STIPULATIONS OF ACT, AND THE ADDITIONAL \$27.5 MILLION OPTIONALLY AVAILABLE COULD BE UTILIZED, CHILE WOULD RECEIVE VIRTUALLY EVERYTHING U.S. AND CHILEAN AGENCIES HAD BEEN PLANNING FOR IT ON OBJECTIVE ECONOMIC AND SOCIAL DEVELOPMENT GROUNDS.

6. IN THIS CONNECTION, AMBASSADOR MET FOREIGN MINISTER CARVAJAL AND FONMIN DIRGEN LAVIN AT BELGIAN NATIONAL DAY CELEBRATION, JULY 21. HE FOUND THEM BOTH UNCOMMONLY EXPANSIVE AS A RESULT OF A TELEPHONE CALL RECEIVED FROM AMBASSADOR TRUCCO SAME DAY. IT APPEARS THAT WHEN CHILEAN CUB SCOUT CHORUS "LAS PATITAS NEGRAS" PERFORMED IN THE DEPARTMENT FOR SECRETARY AND OTHERS JULY 20, AMBASSADOR TRUCCO WAS ABLE TO HAVE WHAT WAS DESCRIBED AS A "VERY GOODSTALK ON A NUMBER OF SUBJECTS" WITH THE SECRETARY. WE WOULD APPRECIATE ANY INDICATION YOU CAN GIVE US AS TO SUBSTANTIVE CHARACTER OF THIS DISCUSSION, IN LIGHT OF WHAT APPEARS TO BE GOC RE-EXAMINATION OF AT LEAST CERTAIN AREAS OF CHILEAN-AMERICAN RELATIONS.
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